GOVERNMENT OF THE DISTRICT OF COLUMBIA Office of the Chief Financial Officer

Natwar M. Gandhi Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp

Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi

Chief Financial Officer

DATE: June 28, 2002

SUBJECT: Fiscal Impact Statement: "Procurement Practices Amendment

Act of 2002"

REFERENCE: Draft Legislation as Introduced – No Bill Number Available

Conclusion

There are no additional costs associated with the implementation of the proposed legislation. The proposed legislation makes a policy change to increase the approval authority limitation for small contracting.

Background

The proposed legislation amends the D.C. Procurement Practices Act¹ to increase the threshold for requiring cost and pricing data from \$100,000 to \$500,000. This change would not have a fiscal impact on the District as the term "cost or pricing data" is used by the District in our Standard Contract Provisions. This contracting provision means "all facts as of the time of price agreement that prudent buyers and sellers would reasonably expect to affect price negotiations significantly."

Cost or pricing data are the backup or support information or assumptions that accompany the price bid or are proposed by the offeror. In the District, it often includes information as to the direct labor, indirect, overhead, profit, and other direct costs. The proposed change is included to bring the District more in line with the federal government. Providing cost or pricing data can be burdensome to companies and should only be used for those more complex or costly procurements.

¹ D.C. Law 6-85; D.C. Official Code § 2-301.01 et seq. effective February 21, 1986.

The Honorable Linda W. Cropp FIS: Draft Legislation, "Procurement Practices Amendment Act of 2002" Page 2 of 2

In addition, the proposed amendment sets limitations and allows disposal of surplus property if given to not-for-profit entities.

Financial Plan Impact

Funds are sufficient in the FY 2002 budget and the FY 2003 through FY 2006 budget and financial plan to implement the provisions of the proposed legislation. The Office of the Chief Procurement Officer will not require any additional staff or resources to conduct the activities authorized by the proposed legislation.